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October 5, 2005

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PUBLIC SERVICE
COMMISSION

Ms. Beth O'Donnell
Executive Director, Public Service Commission
PO Box 615 / 211 Sower Blvd.
Frankfort, KY 42602

RE: Case # Gas Cost Adjustment Report

Dear Ms. O'Donnell:

2005-415

The following document is Millennium Energy's Gas Cost Adjustment Report for quarter, November 1, 2005- December 31, 2005.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary K. Dillard", written over a faint, illegible printed name.

Gary K. Dillard
Executive Vice President

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed: October 1, 2005

Date Rates to be Effective: November 1, 2005 to January 31, 2006

Reporting Period is Calendar Quarter Ended:

SCHEDULE I
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 9.1775
+ Refund Adjustment (RA)	\$/Mcf	-
+ Actual Adjustment (AA)	\$/Mcf	(0.6937)
+ Balance Adjustment (BA)	\$/Mcf	<u>(0.0334)</u>
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 8.4504

GCR to be effective for service rendered from 11/1/05to 01/31/05.

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	90,782.56
+ Sales for the 12 months ended 7/31/2005	Mcf	<u>9,891.86</u>
- Expected Gas Cost (EGC)	\$/Mcf	9.1775
<u>B. REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	\$ -
+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	<u>\$ -</u>
= Refund Adjustment (RA)	\$/Mcf	\$
<u>C. ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	\$ (0.2167)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.0343
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.4364)
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	<u>\$ (0.0749)</u>
=Actual Adjustment (AA)	\$/Mcf	\$ (0.6937)
<u>D. BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	\$ (0.0150)
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0027)
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0127)
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	<u>\$ (0.0030)</u>
=Balance Adjustment (BA)	\$/Mcf	\$ (0.0334)

SCHEDULE II
EXPECTED GAS COST

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Actual* Mcf Purchase for 12 months ended			07131/05		
(1)	(2)	(3)	(4)	(5)	(6)
<u>Supplier</u>	<u>Dth</u>	<u>Heat Rate</u>	<u>Mcf</u>	<u>Rate</u>	<u>(4) x (5) Cost</u>
Aug-04 Atinos Energy Marketing	414.65	1.034	401.02	10.847	4,349.86
Sep-04 Atmos Energy Marketing	475.13	1.034	459.51	10.847	4,984.30
Oct-04 Atinos Energy Marketing	332.90	1.034	321.95	10.847	3,492.19
Nov-04 Atinos Energy Marketing	805.71	1.034	779.20	10.847	8,451.98
Dec-04 Atmos Energy Marketing	1,271.00	1.034	1,229.20	10.847	13,333.13
Jan-05 Atmos Energy Marketing	1,389.76	1.034	1,344.06	10.847	14,579.02
Feb-05 Atmos Energy Marketing	769.90	1.034	744.58	10.847	8,076.46
Mar-05 Atmos Energy Marketing	501.83	1.034	485.33	10.847	5,264.37
Apr-05 Atmos Energy Marketing	1,209.79	1.034	1,170.01	10.847	12,691.10
May-05 Atmos Energy Marketing	268.00	1.034	259.19	10.847	2,811.43
Jun-05 Atmos Energy Marketing	612.96	1.034	592.80	10.847	6,430.10
Jul-05 Atmos Energy Marketing	<u>602.33</u>	<u>1.034</u>	<u>582.52</u>	<u>10.847</u>	<u>6,318.59</u>
Totals	8,653.96	1.034	8,369.37	10.847	90,782.56

Line losses are 8.369.37 Mcf and sales of -18.19% for 12 months ended 7/31/2005 based on purchases of 9.892 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6) (to Schedule IA.)	\$	\$ 90,782.56
Expected Mcf Purchases (4)	Mcf	<u>8,369.37</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 10.847
Plus: Expected Losses of (not to exceed 5%)	(D26/095) Mcf	<u>8,369.37</u>
= Total Expected Gas Cost	\$	\$ 90,782.56

Allowable Sales (maximum losses of 5%). \$90,782.56

*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.

**Supplier's tariff sheets or notices are attached.

SCHEDULE III
SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended 7/3 112005

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	\$
<u>+ Interest</u>	\$	<u>\$</u>
 = Refund Adjustment including interest	 \$	 \$
<u>+ Sales for 12 months ended 7/3 112005</u>	Mcf	<u>9.892</u>
 =Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	 \$/Mcf	 \$

SCHEDULE IV
ACTUAL ADJUSTMENT

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For the 3 month period ended 7/31/2005

<u>Particulars</u>	<u>Unit</u>	Month 1 <u>May-05</u>	Month 2 <u>Jun-05</u>	Month 3 <u>Jul-05</u>
Total Supply Volumes Purchased	Mcf	259.19	592.80	582.52
Total Cost of Volumes Purchased	\$	\$ 630.16	\$ 3,140.82	\$ 3,391.33
Total Sales (may not be less than 95% of supply volumes) (G8*0.95)	Mcf	<u>\$ 560.07</u>	<u>\$ 563.16</u>	<u>\$ 553.39</u>
<u>= Unit Cost of Gas</u>	\$/Mcf	\$ 1.1251	\$ 5.5771	\$ 6.1282
<u>- EGC in effect for month</u>	\$/Mcf	<u>\$ 5.5259</u>	<u>\$ 5.5259</u>	<u>\$ 5.5259</u>
= Difference [(Over-)/Under-Recovery]	\$/Mcf	\$ (4.4008)	\$ 0.0512	\$ 0.6023
<u>x Actual sales during month</u>	Mcf	<u>560.07</u>	<u>500.22</u>	<u>490.58</u>
= Monthly cost difference	\$	(2,464.73)	25.63	295.49

Total cost difference (Month 1 + Month 2 + Month 3)	<u>Unit</u> \$	<u>Amount</u> \$ (2,143.61)
+ Sales for 12 months ended <u>7/31/2005</u>	Mcf	<u>9,892</u>
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	\$ (0.2167)

SCHEDULE V
BALANCE ADJUSTMENT

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For the 3 inonth period ended

7/31/2005

Line	Particulars	Unit	Amount
1	(1) Total cost difference froin actual adjustment used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR	\$	<u>(3,094.51)</u> Case No 2004-00270
2	Less: Dollars ainount resulting from the AA of (0.2978) \$/MCF as used to coinpute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of 9,892		
3	MCF during the 12 inonth period the AA was in effect	\$	<u>(2,945.80)</u>
4	Equals: Balance Adjustinent for the AA	\$	<u>(148.71)</u>
5	(3) Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR	\$	<u> </u>
6	Less: Dollar ainount resulting from the RA of - \$/MCF as used to compute the OCR in effect four quarters prior to the effective GCR tiines the sales of 9,892 MCF		
7	during the 12 inonth period the RA was in effect	\$	<u> </u>
8	Equals: Balance Adjustment for the RA	\$	<u> </u>
9	(3) Total Balance Adjustinent used to compute RA of the GCR effective four quarters prior to the effective date of the currently cffective GCR.	\$	<u> </u>
10	Less: Dollar ainount resulting from the BA of - \$/MCF four quarters prior to the effective date of the currently effective GCR times the sales of 9,892 MCF during the 12 inonth period the BA was in effect.		
11		\$	<u> </u>
12	Equals: Balance Adjustment for the BA	\$	<u> </u>
13	Total Balance Adjustment Ainount (1) + (2) + (3)	\$	<u>-148.71</u>
14	Divided By: Sales for 12 months ended 7/31/2005	\$	<u>9,892</u>
15	Equals: Balance Adjustinent for the Reporting Period (to Schedule ID)	\$/MCF	<u>(0.0150)</u>